

NOTE: Certain provisions of this lease may not be appropriate for every situation as written. Be sure to read through the document and make any changes needed.

AGREEMENT FOR LEASE OF EQUIPMENT (revised 4/16/03)
OWNED BY CITY OF _____

AGREEMENT made this _____ day of _____, 20__, between the City of _____, hereinafter called "City" and _____ having a principal place of business at _____, hereinafter called "Lessee." City and Lessee agree to the following:

1. LEASE. City leases to Lessee the following equipment:

2. TERM. Lease of the equipment described above shall commence on date of delivery to Lessee and shall terminate on _____, 20__ at ____ AM/PM unless extended in writing by City.

3. RENT. Rent for the above described equipment shall be _____.
[Here insert rate per hour / day / month / or flat rat] The rental rate does not include charges for fuel and oil or operator. Charges for fuel, oil, and operator shall be in addition to the rent.

4. PAYMENT. Lessee shall pay the cash value of the lease within thirty (30) days of the return of the equipment to City. Delinquent payments shall be subject to an interest assessment of 1.5% per month or fraction thereof. Failure to make full payment within thirty days of return of the equipment shall constitute default and the City may elect to pursue any remedy available under the terms of this agreement, or at law or in equity.

5. USE. Lessee shall use the equipment in a careful and proper manner and shall comply with and conform to all laws, ordinances and regulations relating to the possession, use or maintenance of the equipment.

6. INSPECTION BY LESSEE; CONCLUSIVE PRESUMPTIONS. Lessee shall inspect the equipment within forty-eight (48) hours of receipt thereof. Unless Lessee within the forty-eight hour period gives written notice to City, specifying any defect in or other proper objection to the equipment, Lessee agrees that it shall be conclusively presumed, as between City and Lessee, that Lessee has fully inspected and acknowledged that the equipment is in good condition and repair, and that Lessee is satisfied with and has accepted the equipment in such good condition and repair.

7. INSPECTION BY CITY; CONCLUSIVE PRESUMPTIONS. City reserves the right to enter upon the premises where the equipment may be located for the purpose of inspecting the same or observing its use. City shall

inspect the equipment within forty-eight (48) hours of its return. Unless City gives written notice to Lessee within the forty-eight hour period, specifying any defect in or other proper objection to the equipment, City agrees that it shall be conclusively presumed, as between City and Lessee, that City has fully inspected and acknowledged that the equipment is in good condition and repair, and that City is satisfied with and has accepted the equipment in such good condition and repair.

8. ALTERATIONS. Lessee shall not make any alterations, additions or repairs to the equipment without the prior consent of the City. All additions and improvements become the property of the City upon termination of this lease.

9. REPAIRS. Lessee, at its own cost and expense, shall keep the equipment in good repair, condition and working order and shall furnish all parts and labor required to keep the equipment in good working order.

10. LOSS AND DAMAGE. Lessee assumes and bears the risk of loss and damage to the equipment from any and every cause, except for defects that can be attributed to City's use of the equipment that could not have been reasonably discovered during Lessee's inspection. No loss or damage to the equipment or any part thereof shall impair any obligation of Lessee under this lease which will continue in full force and effect.

In the event of loss or damage of any kind whatever to the equipment, Lessee at the option of the City shall:

- (a) Place the equipment in good repair, condition and working order; or
- (b) Replace the equipment with the same make and model, its equivalent or better, in good repair, condition or working order; or
- (c) If the equipment is determined by City to be lost, stolen, destroyed or damaged beyond repair to pay City the full replacement value of the equipment F.O.B. _____, Alaska based upon a quotation from the manufacturer or a dealer acceptable to City.

11. SURRENDER. Upon expiration or earlier termination of this lease Lessee shall return the equipment in good repair, condition and working order, except for ordinary wear and tear resulting from the proper use of the equipment. The equipment shall be returned to the City at its maintenance shop located in _____, Alaska.

12. INSURANCE. Lessee shall keep the equipment insured against all risks of loss or damage from every cause whatsoever for not less than the full replacement value of the equipment. Lessee shall also maintain public liability and property damage insurance covering the equipment. The proceeds of the insurance, at the option of the City, shall be applied (a) toward the replacement, restoration or repair of the equipment or (b) toward payment of Lessee's obligations under this lease. Lessee appoints City as lessor's attorney-in-fact to make claim for, receive payment of, and execute and endorse all documents, checks or drafts for, loss or damage under any said insurance policy.

13. HOLD HARMLESS. Lessee shall indemnify City against, defend and hold City harmless from any claims, actions, suits, proceedings, costs, expenses, damages and liabilities, including attorney's fees, arising out of, connected with or resulting from Lessee's operation of the equipment.

14. WARRANTIES. City leases the equipment described in Paragraph 1 "as is" and makes no warranties, express or implied, as to the condition of the equipment or the fitness of the equipment for any particular purpose.

15. CITY'S EXPENSES. Lessee shall pay City all costs and expenses, including attorneys' fees, incurred by City in exercising any of its rights or remedies hereunder or enforcing any of the terms, conditions, or provisions of this lease agreement.

16. ASSIGNMENT. This lease shall not be assigned nor shall the equipment be used by any other person or organization without the express written consent of the City.

17. PENALTY FOR LATE RETURN. Failure of the Lessee to return the equipment by the date set forth in paragraph 2, unless extended, shall subject the lessee to a penalty equal to one and one half times the hourly rate for the equipment for each hour overdue as established by the City rental schedule or the *Rental Rate Blue Book for Construction Equipment* published by Dataquest Incorporated, whichever rate City chooses to apply. Failure of Lessee to return the equipment on time shall constitute default and the City may elect to pursue any remedy available under the terms of this agreement, or at law or in equity.

18. CITY USE OF EQUIPMENT DURING TERM OF LEASE. The City of _____ is not in the business of renting or leasing equipment and all equipment owned by the City is designed to service the needs of the residents of _____. City makes equipment available for use when it has no immediately foreseeable use for the equipment and does so in recognition of the community's remote location and the cost to other persons and organizations of shipping comparable equipment to _____. Accordingly, this lease is subject to immediate interruption by the City, without penalty, if in the opinion of the Mayor, City Administrator or Public Works Director of the City that the equipment is needed for public purposes. City agrees to provide a twenty-four hour notice of the interruption of this lease to Lessee unless an emergency condition requires an immediate return of the equipment. City will return the equipment to Lessee's site as soon as the emergency condition is over or the City no longer needs the equipment. The rental terms set forth in paragraph 2 shall be prorated in the event of termination or interruption of the lease under this provision.

WITNESS the parties have signed the foregoing equipment lease agreement on the day and year first above written.

FOR THE CITY OF _____

Mayor

STATE OF ALASKA)
) ss.
_____ Judicial District)

On this the ____ day of _____, 20__ before me came _____, known to me to be the person whose signature appears above, acknowledges the contents of the above document and his authority to sign the same on behalf of the City of _____..

Notary Public for Alaska
My Commission Expires: _____

FOR THE LESSEE

Representing:

STATE OF ALASKA)
) ss.
_____ Judicial District)

On this the ____ day of _____, 20__, came before me _____ known to me to be the person whose signature appears above, who acknowledged the contents of the above document and his authority to sign the same on behalf of the lessee

Notary Public for Alaska
My Commission Expires: _____

Fuel in Equipment:
Mileage out:
Mileage in:

Hour Meter Reading out:
Hour Meter Reading